Provincial Judges and Masters in Chambers Pension Plan

ANNUAL REPORT

FOR THE SEVEN MONTHS ENDED MARCH 31, 1989

Alberta
TREASURY

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91-00026/

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

February 1990

The Honourable Dr. David Carter
Speaker of the Assembly

Sir:

Pursuant to section 5 of the Provincial Judges and Masters in Chambers Pension Plan Regulation, Appendix of Order in Council 526/88, I have the honour to lay before the Assembly the annual report on the operation of the Provincial Judges and Masters in Chambers Pension Plan for the seven months ended March 31, 1989.

Respectfully submitted,

Dick Johnston
Provincial Treasurer

Alberta
TREASURY

442 Terrace Building, 9515 - 107 Street, Edmonton, Alberta, Canada T5K 2C3 403/427-4106

February 1990

The Honourable Dick Johnston
Provincial Treasurer

Sir:

In accordance with section 5 of the Provincial Judges and Masters in Chambers Pension Plan Regulation, Appendix of Order in Council 526/88, I have the honour to transmit herewith the annual report on the operation of the Provincial Judges and Masters in Chambers Pension Plan for the seven months ended March 31, 1989, to be laid by you before the Legislative Assembly.

The annual report includes a statement of the most recent estimate of the actuarial liabilities of the Plan as required by section 5(2) of the Regulation.

Respectfully submitted,

A. D. O'Brien
Deputy Provincial Treasurer
Management and Control

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Introduction

The Provincial Judges and Masters in Chambers Pension Plan was established effective September 1, 1988, by an Order in Council under the Provincial Court Judges Act and other empowering legislation. The Plan was established to provide a fully funded non-contributory pension program for those individuals who hold office as Provincial Judges or Masters in Chambers. Formerly, such individuals were participants in the Public Service Management Pension Plan.

Plan Overview

The Provincial Judges and Masters in Chambers Pension Plan is a non-contributory pension plan for which contributions are remitted by the employer at a rate determined by an actuarial valuation of the plan. For the period September 1, 1988 to March 31, 1992 the contribution rate was assessed at 23.67% of pensionable earnings. Contributions are deposited to and benefits are paid from the Provincial Judges and Masters in Chambers Pension Fund. The income of the Provincial Judges and Masters in Chambers Pension Fund accrues to and forms part of the Fund.

Members may retire at any time after age 55 without reduction in the amount of pension if five years of pensionable service have been accumulated. For the purposes of this Plan, the normal pensionable age, is 70 years. However, there is no mandatory retirement age. Pension benefits are based on two percent of the highest average pensionable earnings for five consecutive years times the number of years of pensionable service. Pensionable service is comprised of the following types of service: any period for which the Government was liable to make contributions under this plan; any pensionable service under the Public Service Management Pension Plan; and any period of leave without pay that was under 23 days or that was longer but for which contributions have been made. The normal form of pension benefit under the Plan is a pension payable for the life of the member with a 75 per cent survivor benefit. The survivor benefit applies only to a person who was the spouse at the time when a pension choice was made. If the member has a spouse and has been married to, or lived with that spouse for at least five years, the member must choose a normal pension unless a waiver is signed by the spouse. Single members or those with spousal waivers may elect a life pension, choosing a 5, 10 or 15 year guaranteed period. They may also elect a joint pension based on their life and that of a nominee.

The Plan also makes provision for those members who die prior to retirement and have accumulated at least five years of pensionable service. In such cases, the surviving spouse is entitled to receive a pension for life in an amount equal to 75 per cent of the normal pension. For those who have not accumulated five years of pensionable service the surviving spouse or beneficiary is entitled to a refund of the employee contributions, if any, credited to the plan.

Review of Operations

The Provincial Judges and Masters in Chambers Pension Plan is administered by Alberta Treasury, Payroll and Pensions.

During the period under review, systems were developed to handle employer reporting, and administrative forms and procedures for processing transactions were established. Transaction processing is primarily manual, but is scheduled to be automated over the next two years.

In accordance with clause 27 of the Pension Plan Regulation, an amount of $13,056,408 was transferred into the Provincial Judges and Masters in Chambers Pension Fund from the Pension Fund. This amount represented employee and employer contributions and interest to August 31, 1988 on service accumulated in the Public Service Management Pension Plan.

Actuarial Liabilities

An actuarial valuation of the Plan was completed at September 1, 1988 and is required every three years thereafter. In accordance with clause 9(2) of the Pension Plan Regulation, the unfunded liability, as of any particular valuation date, shall be financed on the basis that it is to be liquidated by 20 equal annual contribution payments.

An independent actuarial valuation carried out at September 1, 1988 estimated the accrued liability of the Provincial Judges and Masters in Chambers Pension Plan to be $35,285,000. The Plan's unfunded liability was estimated at $22,701,000. The amount estimated by the valuation to be required to liquidate the unfunded liability by 20 equal annual instalments was $2,399,000. This amount was later adjusted to $2,332,000 to reflect actual circumstances. Accordingly, the instalment for the 7 month period of this report is $1,360,000. The normal actuarial cost of the Plan as a percentage of payroll was estimated at 23.67 per cent.

Participation

At March 31, 1989 there were a total of 113 active contributors in the Provincial Judges and Masters in Chambers Pension Plan. One member was retired and in the process of finalizing his pension choice.

Contributions

The schedule below summarizes contributions for the seven month period ended March 31, 1989:

	Participants At March 31, 1989	Contributions Received		
		Participants	Government	Total
		$	$	$
Government of Alberta	113	46,191	1,627,035	1,673,226
	113	46,191	1,627,035	1,673,226

Note: The participant amounts are prior service contributions.

Refunds

No refunds were issued during the year to participants upon termination. Refunds of excess contributions totalling $1,384 were made to participants.

Death in Service Benefits

There were no spousal benefits granted during the period as a result of deaths in service.

Information and Counselling Services

An information brochure summarizing changes and new features for those participants who transferred from the Public Service Management Pension Plan to the Provincial Judges and Masters in Chambers Pension Plan was prepared during the year.

Annual statements containing information on pensionable service, contributions, and prior service purchased were produced for distribution to active participants in the plan.

Retirement Benefits

During the seven months ended March 31, 1989, pension benefits paid totalled $4,906.

Statement of Receipts and Payments
For the Seven Months Ended March 31, 1989

		1989
		$
RECEIPTS		
Contributions		
Government	1,627,035	
Participants	46,191	
		1,673,226
Funds transferred on inception of Plan		
Contributions	13,056,408	
Interest	575,000	
		13,631,408
Amortization of Unfunded Liability		1,360,000
Total Receipts		16,664,634
PAYMENTS		
BENEFITS		
Pensions to retired participants		4,906
WITHDRAWALS		
Refunds of excess contributions		1,384
Total Payments		6,290
Excess of Receipts over Payments		16,658,344